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DeFazio has been an outspoken critic of the Bush/Paulson plan because it does not address the regulatory lapses that lead to this crisis or the underlying problems in the economy. Additionally, the plan will jeopardize our nation's financial future by borrowing \$700 billion -- \$2,300 for every man, woman and child -- and transferring it to Wall Street financiers. DeFazio believes the Bush/Paulson plan is based on a flawed premise: that if the American taxpayers spend \$700 billion to buy Wall Street's toxic assets -- a plan pundits have called "trash for cash" -- it will create liquidity in our financial markets and will somehow trickle down to Main Street. The House didn't buy into the premise earlier this week and the Senate simply added a number of popular tax provisions along with a 4-year extension of the county payments program to the bailout bill to increase support for a fundamentally flawed bill.

"This is a sad day for America. I believe this is one of the greatest financial mistakes in the history of this country," DeFazio said. "This bill leaves the U.S. taxpayers on the hook for \$700 billion to bailout Wall Street speculators, but does nothing to address the sagging underpinnings of our economy like the increasing unemployment rate, the housing and foreclosure crisis, or the huge backlog of investment in critical infrastructure. I fear that we will be back here sooner than anyone expects to deal with the next financial crisis because Congress failed to address the regulatory issues that lead to this crisis along with the underlying problems in the economy."

DeFazio tried to improve the Administration's plan in several ways. DeFazio offered the No BAILOUTS Act, an alternative based on five principles suggested by Bill Isaac, the chairman of the FDIC during the Savings and Loan bailout in the 1980's. Mr. Isaac believes Congress can address the current crisis with simple changes to SEC rules. Mr. Isaac points out that while we face serious financial challenges today, many banks are still in good shape. This proposal would have allowed Congress to take swift, uncomplicated steps to ensure the financial markets return to working order. In fact, after years of regulatory inaction, the Bush Administration just announced that they intend to voluntarily make some of the changes in DeFazio's proposal

which could help address the liquidity problem. Unfortunately, they still intend to spend all the money Congress just approved.

DeFazio also authored an amendment to the bailout that sought to protect taxpayers by requiring the Treasury Secretary to implement a low-cost FDIC program to restore liquidity before spending the \$700 billion. He believes it is common sense to try the cheaper program first. DeFazio's amendment also made sure Wall Street, rather than the taxpayers, paid for the bailout with a minute transfer tax on securities over ten years. Wall Street should ultimately pay the taxpayers back for this bailout.

“One of the few redeeming provisions in the bill was the inclusion of a 4-year extension of the county payments program which can stand on its own merits -- providing funding for essential services like law enforcement, teachers, jail beds and other critical public services in rural communities throughout the country. Today's passage is a long, hard-fought and welcome victory,” DeFazio continued. “But, there are 700 billion reasons to vote against this bailout. Borrowing \$700 billion for this bailout will limit our ability to deal with the myriad other problems we face such as healthcare, housing, energy independence, job creation and a long-term solution on county payments, as well as other important regional issues.”

DeFazio has been a long time persistent advocate for the county payments program. Prior to enactment of program, counties received a percentage of receipts from timber harvests, which fluctuated from year to year. However, harvest levels decreased precipitously in the late 1990s due to changes in federal forest policy. In 2000, DeFazio worked across the aisle to pass the Secure Rural Schools and Community Self-Determination Act to help stabilize these payments and ensure proper funding for vital county services. The county payments program provides nearly \$280 million a year to 33 Oregon counties for services like schools, roads, and law enforcement. Counties receiving funding under the program have a high proportion of federally owned lands within their borders. The program expired in 2006, under a Republican controlled Congress and Administration. Last year, the Democratic Congress, secured a one-year extension of the program while Congress continued to work on a longer-term solution. DeFazio got an extension included in the House energy bill the end of last year, but it was stripped out by Senate Republicans. And he brought legislation to the floor in June of this year, H.R. 3058, but the measure was defeated due to opposition by House Republicans. Today's passage represents a welcome and hard fought victory.